

Report

Report to:	Lanarkshire Valuation Joint Board
Date of Meeting:	1 June 2020
Report by:	Treasurer to Lanarkshire Valuation Joint Board

Subject:	Annual Governance Statement
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ Provide information on the Annual Governance Statement for inclusion in the 2019/2020 Lanarkshire Valuation Joint Board Annual Accounts.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the Annual Governance Statement, attached at Appendix 1, be approved for inclusion in the Lanarkshire Valuation Joint Board 2019/2020 Annual Accounts.

3. Background

3.1. Each year the Lanarkshire Valuation Joint Board undertakes a comprehensive review of the governance arrangements that are required to support Lanarkshire Valuation Joint Board's financial and operational controls. The annual review of governance arrangements provides the Governance Statement which is included in Lanarkshire Valuation Joint Board's Annual Accounts.

3.2. The annual review for 2019/2020 is informed by the Delivering Good Governance in Local Government Framework.

4. Annual Governance Statement for 2019/2020

4.1. The Annual Governance Statement for 2019/2020 is attached at Appendix 1.

4.2. The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. These arrangements follow the systems of financial management in place within the lead authority, South Lanarkshire Council.

4.3. The Lanarkshire Valuation Joint Board shares financial management systems with South Lanarkshire Council (the lead authority) and is subject to the relevant controls in place as directed by the Internal/External Audit guidance. The overall audit opinion for the year can be informed by the assurances obtained from any system audits carried out by the Council's Internal Audit section on these shared systems.

- 4.4. The sharing of systems means that the assurances obtained in the Internal Audit Manager's report on the Council's financial systems for 2019/2020 can be applied to those of Lanarkshire Valuation Joint Board.
- 4.5. In addition, Internal Audit carries out a programme of audits each year which, together with the output from South Lanarkshire Council shared systems audits, inform an overall audit opinion on the adequacy and effectiveness of the Board's governance, risk management and internal control arrangements.
- 4.6. For 2019/2020, the Treasurer's opinion is that the systems for internal control were effective and will continue to be reviewed and improved as appropriate in 2020/2021.

5. Employee Implications

- 5.1. None

6. Financial Implications

- 6.1. There are no financial implications directly associated with this report.

7. Other Implications

- 7.1. The statement will be subject to review by Audit Scotland as part of their consideration of Lanarkshire Valuation Joint Board's Annual Accounts.
- 7.2. There are no implications for sustainability in terms of the information contained in this report

8. Equality Impact Assessment and Consultation Arrangements

- 8.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.
- 8.2. There is also no requirement to undertake any consultation in terms of the information contained in the report.

Paul Manning
Treasurer

14 May 2020

Previous References

- ♦ None

List of Background Papers

- ♦ Lanarkshire Valuation Joint Boards Annual Accounts Annual Governance Statement 2019/20

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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Annual Governance Statement

This statement sets out the framework within which the Board has proper arrangements for the governance of the Board's affairs, thereby facilitating the effective exercise of its functions, ensuring that appropriate arrangements are in place for the management of risk and appropriate systems of internal control are in place. While the Board's governance arrangements have not been consolidated in a formal Code of Corporate Governance, the Annual Governance Statement has been prepared within the context of the Board's governance framework, and meets legislative requirements to include the Annual Governance Statement with the Annual Accounts. A consolidated Code of Corporate Governance was approved at the Board meeting of 4 March 2019.

Scope of Responsibility

In delivering its aims and objectives, the Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Board also has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003. In discharging this responsibility, the Board's elected members and senior officers are responsible for putting in place proper arrangements for its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Governance Framework

The Board operates a system of internal control designed to manage risk to a reasonable level. Internal controls cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Board's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The main features of our governance arrangements are:

- Clearly defined Standing Orders, Scheme of Delegation and Financial Regulations and Tender Procedures;
- Comprehensive business planning arrangements, setting key targets and action plans designed to achieve our corporate objectives;
- Arrangements to manage risk, including a risk management strategy and Corporate Risk Register and business continuity plans;
- Clear customer complaints procedures;
- Policies to regulate employee related matters, including the Employee Code of Conduct and Disciplinary Procedures; and
- Regular public performance monitoring

As part of the overall control arrangements, the system of internal control is designed to ensure that assets are safeguarded, transactions are authorised and properly recorded and material errors are detected and corrected. This system is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability.

Development and maintenance of the system is undertaken by managers within the Board. In particular, the system includes:

- Financial management supported by Financial Regulations;
- Detailed budgeting systems;
- Regular reviews of periodic and annual financial reports which indicate financial performance against forecasts;
- Setting targets to measure performance, including financial performance;
- The preparation of regular financial reports that compare actual expenditure and income against forecasts.

South Lanarkshire Council is the administering authority. All financial transactions of the Board are processed through the financial systems of the Council and are subject to the same controls and scrutiny as those of the Council. This includes regular reviews by the Council's Internal Audit Manager.

Review of Effectiveness

The Board purchases an internal audit service from South Lanarkshire Council, through a Service Level Agreement. The role of Internal Audit is to provide an independent audit opinion on the adequacy and effectiveness of the Board's governance, risk management and internal control systems based on audit work undertaken in the year.

The internal audit service provided to the Board operates in accordance with the Public Sector Internal Audit Standards (revised 2017). A rolling programme of audits are undertaken on an annual basis targeted at the areas of greatest risk.

The Internal Audit Manager provides an annual report to the Board and an audit opinion on the adequacy and effectiveness of the Board's governance, risk management and internal control systems based on audit work undertaken in the year. The annual report for 2019/2020 was presented to the Board on 1 June 2020. The Internal Audit Manager's annual assurance statement concluded that a reasonable level of assurance can be placed on the adequacy and effectiveness of the Board's framework of governance, risk management and control arrangements for the year ended 31 March 2020.

Statement on the Role of the Chief Financial Officer

CIPFA published the statement on the role of the Chief Financial Officer in 2010 and under the Code, the Board is required to state whether it complies with the statement, and if not, to explain how their governance arrangements deliver the same impact.

The Board's financial management arrangements comply with the principles set out in CIPFA's statement on the Role of the Chief Financial Officer.

Continuous Improvement

As part of the annual audit review, recommendations are provided which not only assist management to improve their control environment, but also provide an assessment of the adequacy of existing systems and procedures, including highlighting any necessary improvements to maintain and improve the Board's governance arrangements going forward. The external auditor's [Annual Audit report](#) did not identify any Governance actions for implementation during 2019/20.

Coronavirus Pandemic

LVJB's Business Continuity/Emergency Planning (BC/EP) team met daily in the run up to the eventual UK and Scottish Government's announcement on a country wide lockdown towards the end of March 2020. The BC/EP meetings focused on, amongst other things, the welfare of staff, and enabling homeworking in order that statutory undertakings could continue to be carried out where possible. Arrangements were put in place to deal with all correspondence, both electronic and by post, and for LVJB staff to have access to IT systems.

Accordingly, the arrangements allowed for the following;

- The electoral registers to be maintained and monthly updates produced as normal. Invitation to Register forms to be issued as appropriate, although there is a current halt on any door to door visits.
- The Valuation List for Council Tax to be maintained, including any band increases as a result of dwellings being materially altered and then subsequently sold where information exists which allows such changes to be made without the need to undertake site visits. Proposals and appeals continue to be dealt with where possible.
- The Valuation Roll for non domestic rating to be maintained, however activity in this area is minimal. Appeals continue to be dealt with where possible. Staff are dealing with an upsurge in correspondence in relation to Valuation Roll entries, in particular in respect of the new grant legislation put in place by the government. Additionally, over 3000 appeals have been received against valuation roll entries as a result of the pandemic.

Assurance

In conclusion, there were no significant weaknesses identified in the Annual Audit Report relating to improvements requiring action in 2019/2020. Systems are in place to continually review and improve the control environment and governance arrangements operated by the Board.

The effectiveness of governance is dependent on the actions of officers of the Board and by the work of Internal and External audit. It is the Board's view that the governance arrangements were effective during financial year 2019/2020.